

STATE REAL ESTATE DEPARTMENT

Jerry Holt, Commissioner

A.R.S. § 32-2102

JLBC Analyst: Pat Mah

General Fund	FY 1998 Actual	FY 1999 Estimate	FY 2000 Approved	FY 2001 Approved
FTE Positions	67.0	67.0	67.0	67.0
Personal Services	1,790,400	2,005,500	2,064,100	2,105,400
Employee Related Expenditures	394,400	432,600	448,200	467,600
Professional and Outside Services	3,800	5,000	5,400 ^{1/}	7,000 ^{1/}
Travel - In State	44,300	57,000	53,000	53,000
Travel - Out of State	3,700	7,100	5,000	5,000
Other Operating Expenditures	492,100	481,000	486,400	482,000
Equipment	213,600	86,400	73,300	77,100
Total Appropriations	2,942,300	3,074,600	3,135,400 ^{2/}	3,197,100 ^{2/}

Agency Description — *The department issues licenses for real estate, cemetery, and membership campground sales. The department also regulates the real estate industry, including licensees, developers, subdividers, and real estate schools. The department collects various filing and licensing fees, which are deposited to the state General Fund. The revenues derived from these fees are required by law to be between 95% and 110% of the department's state General Fund appropriation.*

Audit Staff — The approved FY 2000 amount reflects an increase of \$9,000 to reallocate an existing vacant FTE Position to an Auditor II position and to fund the additional travel costs associated with the change. This amount is continued in FY 2001. The vacant position is an administrative assistant position, which has been funded but left vacant since 1996. The change will help the agency meet its goal of auditing the offices of each real estate broker approximately every 3 to 4 years. The length of time between audits has been every 10 years, but recently the agency instituted measures that reduced this to approximately every 5.43 years. The measures have included doing audits by mail for small companies that do not collect any money from their clients for the purchase of property. Audits are done on approximately 7,000 broker offices across the state.

Travel Expenditures — The approved amount reflects a reduction of \$(9,100) beginning in FY 2000 after review of the department's FY 1998 actual expenditures and expected savings from the new mail-in audits discussed above.

Real Estate Bulletin — The approved FY 2000 amount reflects an increase of \$15,400 to print and distribute the "Real Estate Bulletin" once a year. This amount is continued in FY 2001. The agency discontinued printing of the bulletin in 1995 so that monies could be used for new computers. Access to the bulletin for most licensees has been solely through the agency's Web site, which has resulted in complaints. Licensees have indicated they no longer have access to an educational service for which they pay fees.

Interest Payments — The approved FY 2000 amount reflects a reduction of \$(3,600) due to a drop in interest payments for a computer lease-purchase agreement. The FY 2001 amount includes a further reduction of \$(3,700) because of an additional drop in interest costs.

Equipment — The approved budget reflects total FY 2000 funding of \$73,300, of which \$63,300 is for a lease-purchase agreement, which began in 1997, for new computer hardware and software for the entire agency. The remaining \$10,000 is for licensing cost for upgrading computer software. The FY 2000 budget is a reduction of \$(13,100) from FY 1999 due to eliminating one-time equipment cost. For FY 2001, the approved budget totals \$77,100, of which \$67,100 is for continued funding of the computer lease and \$10,000 is for the replacement of a copy machine in the Licensing Division. This dollar amount represents a \$3,800 increase above the FY 2000 funding level.

No additional funds were approved for new telephone equipment requested by the agency. Monies are to come from reallocating existing resources. The agency should work with the Arizona Department of Administration (ADOA), which provides centralized lease lines from phone providers in order to reduce the state's cost. ADOA is also in the beginning stages of a statewide telecommunication system so that it is no longer necessary for state agencies to purchase their own equipment.

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^{1/} Includes an adjustment for Office of the Attorney General legal services. (See the Salary Adjustment table at the front of this report for more information.)

^{2/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.